

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7110

BILL NUMBER: HB 1513

DATE PREPARED: Feb 22, 2001

BILL AMENDED: Feb 21, 2001

SUBJECT: Average Weekly Wage for Worker's Compensation.

FISCAL ANALYST: Chuck Mayfield

PHONE NUMBER: 232-4825

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that when an employee who has sustained a compensable injury or occupational disease returns to work and suffers a later period of disability due to that injury or disease after July 1, 2001, the average weekly wage for that period of disability shall be determined based on the average weekly wage at the time of the disability subject to the maximum average weekly wage in effect as of the last day worked. It provides for a credit to an employer for an assessment made to the Second Injury Fund who has made payment to an employee injured prior to January 1, 2002, who sustained a later period of disability entitling the employee to an increase in the average weekly wage.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The Worker's Compensation Board does not have data on the number of people who suffer a later period of disability due to a prior injury that was compensated. The bill would increase the benefits by whatever salary adjustment the person had received since returning to work. The benefits would be subject to the maximum average weekly wage limitations.

The impact on the state is as an employer. The state is self-insured so the impact would equal any increase in benefits at the time of the second disability.

Compensation paid to state employees, exclusive of medical benefits, totaled approximately \$2.9 M in FY 1996, \$3.1 M in FY 1997, \$3.4 M in FY 1998, \$3.7 M in FY 1999, and \$3.9 in FY 2000.

Explanation of State Revenues: (Revised) The bill provides for a credit to an employer for an assessment made to the Second Injury Fund for payment to an employee who was injured prior to January 1, 2002, and sustained a later period of disability entitling the employee to an increase in the average weekly wage. The impact would reduce revenue to the Second Injury Fund by an unknown amount.

Explanation of Local Expenditures: The local impact would be on local units of government as an employer.

Explanation of Local Revenues:

State Agencies Affected: Worker's Compensation Board, All Agencies.

Local Agencies Affected: All Local Units of Government.

Information Sources: Mike McNally, Worker's Compensation Board, (317) 232-3809.